

RESOLUTION NO. 4-13 (OB)

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE APPROVING AN ADMINISTRATIVE COSTS BUDGET AND AN AMENDED AND RESTATED COOPERATION AGREEMENT FOR ADMINISTRATIVE SERVICES

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health & Safety Code Sections 33000, et seq.) ("**CRL**"), the City Council of the City of Watsonville previously established the Redevelopment Agency of the City of Watsonville, a public body, corporate and politic ("**Agency**"), to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL; and

WHEREAS, in accord with CRL Section 34172(a), the Agency was dissolved as of February 1, 2012, and its rights, powers, duties and obligations were transferred to a "successor agency" (as defined by CRL Sections 34171(j) and 34173); and

WHEREAS, the City of Watsonville ("**City**") is the successor agency ("**Successor Agency**") to the former Agency and, as such, is vested with all authority, rights, powers, duties and obligations previously vested in the Agency by the CRL, except to the extent repealed, restricted or revised pursuant to provisions of Assembly Bill 1X 26 ("**AB 26**"); and

WHEREAS, an oversight board ("**Oversight Board**") for the Successor Agency was formed and exists in accord with CRL Section 34179; and

WHEREAS, in accord with CRL Section 34177(j), the Successor Agency must periodically prepare an administrative budget, which must include estimated amounts for the Successor Agency's administrative costs for the upcoming six-month fiscal

period, proposed sources of payment for these costs, and proposals for arrangements for administrative and operations services; and

WHEREAS, the Successor Agency's administrative budgets must be approved by the Oversight Board, as required by CRL Section 34177(j); and

WHEREAS, in accord with CRL Sections 34171(b) and 34177(j), the Successor Agency has prepared an administrative budget for the fiscal period of July 1, 2013, through December 31, 2013, ("**4th Fiscal Period Administrative Budget**") in the amount of \$125,000; and

WHEREAS, in accord with CRL Section 34180(h), an oversight board may approve agreements between a successor agency and the city that formed the redevelopment agency that it is succeeding; and

WHEREAS, on April 24, 2012, the Oversight Board adopted Resolution 5-12 (OB) and approved an agreement between the City and the Successor Agency entitled "**Cooperation Agreement for Administrative Services**" ("**Cooperation Agreement**") reference dated April 24, 2012; and

WHEREAS, under the Cooperation Agreement, the City agreed to provide certain administrative services on behalf of the Successor Agency, which services were to be paid for from the administrative cost allowance received by the Successor Agency in accord with CRL Section 34183(a)(3); and

WHEREAS, following the Oversight Board's adoption of Resolution 5-12 (OB), the California Legislature adopted Assembly Bill 1484 ("**AB 1484**"), which revised the CRL's provisions for the payment of administrative costs to the Successor Agency; and

WHEREAS, the changes to the CRL made by AB 1484 require certain changes to be made to the Cooperation Agreement; and

WHEREAS, the City and the Successor Agency desire to amend and restate the Cooperation Agreement in its entirety and have prepared an “**Amended and Restated Cooperation Agreement for Administrative Services**” (“**Restated Cooperation Agreement**”), a copy of which is attached as **Exhibit A**; and

WHEREAS, the Restated Cooperation Agreement represents a proposal for an arrangement for administrative and operations services to be performed by the City on behalf of the Successor Agency, as described in CRL Section 34177(j)(3) and authorized by CRL Section 34174(h); and,

WHEREAS, CRL Section 34178(a) authorizes the City and the Successor Agency to enter into the Restated Cooperation Agreement, subject to the Oversight Board’s approval under CRL Section 34180(h) and the Department of Finance’s review under CRL Section 34179(h).

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:

Section 1. In accord with CRL 34177(j), the Oversight Board approves the 4th Fiscal Period Administrative Budget, in the of amount of \$125,000, which is to be funded with monies from the Redevelopment Property Tax Trust Fund administered by the Santa Cruz County Auditor-Controller in accord with CRL Section 34183(a)(3).

Section 2. In accord with CRL Section 34180(h), the Oversight Board approves the Successor Agency’s entry into the Amended and Restated Cooperation

Agreement for Administrative Services with the City, in the form attached to this Resolution as **Exhibit “A.”**

Section 3. The Successor Agency is directed to cause this Resolution to be posted on the Successor Agency’s website and notice to be given to the Department of Finance as provided by CRL Section 34179(h).

Section 4. This Resolution will become effective in accord with CRL Section 34179(h).

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 26th day of February, 2013, by Member Tavantzis, who moved its adoption, which motion being duly seconded by Member Medina, was upon roll call carried and the resolution adopted by the following vote:

AYES: BOARD MEMBERS: **Cortez, Medina, Tavantzis, Montesino**

NOES: BOARD MEMBERS: **None**

ABSENT: BOARD MEMBERS: **Caput, Friend, McFadden,**



Eduardo Montesino, Chair

ATTEST:



Beatriz Vázquez Flores, City Clerk

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 4-13 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 26th day of February 26, 2013, and that the foregoing is a full, true and correct copy of said Resolution.



Beatriz Vázquez Flores, City Clerk

**AMENDED AND RESTATED
COOPERATION AGREEMENT FOR ADMINISTRATIVE SERVICES**

ARTICLE I.

PARTIES AND EFFECTIVE DATE

1.1 Parties. The contracting parties to this Amended and Restated Cooperation Agreement for Administrative Services (“**Agreement**”) are (1) the City of Watsonville, a California municipal corporation and charter law city, in its capacity as the successor entity to the Redevelopment Agency of the City of Watsonville under Health & Safety Code Section 34173 (“**Successor Agency**”), and (2) the City of Watsonville, a California municipal corporation and charter law city, in its municipal capacity (“**City**”).

1.2 Effective Date. This Agreement is dated February 12, 2013 for reference purposes only. This Agreement will become effective on the date (“**Effective Date**”) which is the later of: (1) July 1, 2013; and (2) the date on which this Agreement has been approved (or deemed approved, as applicable) by (a) the Oversight Board (defined below) in accordance with CRL Section 34180(h), and (b) the California Department of Finance (“**DOF**”) in accord with Health & Safety Code Section 34179(h). This Agreement applies to all Fiscal Periods (defined below) commencing on or after July 1, 2013.

ARTICLE II.

RECITALS

2.1 In accord with the California Community Redevelopment Law (Health & Safety Code Sections 33000, et seq.) (“**CRL**”), the City Council of the City of Watsonville previously established the Redevelopment Agency of the City of Watsonville, a public body, corporate and politic (“**Agency**”), to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accord with the CRL.

2.2 In accord with Assembly Bill X1-26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“**AB 26**”), on February 1, 2012, the Agency was dissolved. In accord with CRL Section 34173, the Successor Agency elected to act as the Agency’s successor entity and assumed all of the Agency’s authority, rights, powers and duties, except to the extent repealed, restricted or revised by AB 26 and Assembly Bill 1484 (Stats. 2012, Chp. 26) (“**AB 1484**”).

2.3 The Successor Agency is obligated to administer and wind up the Agency’s affairs, prepare financial schedules and reports, provide administrative services to the Agency’s oversight board (“**Oversight Board**”) created pursuant to CRL Section 34179, and otherwise manage the Agency’s assets and obligations. These administrative tasks and services are collectively referred to in this Agreement as the “**Administrative Services**”.

2.4 In providing the Administrative Services, the Successor Agency will incur costs and expenses (collectively, “**Administrative Costs**”).

2.5 As used in this Agreement, the term “**Fiscal Period**” means each six-month period (January 1 – June 30 and July 1 – December 31) occurring during a fiscal year. In accord with CRL Sections 34171(b) and 34183(a)(3), the Successor Agency will receive on January 2 and June 1 of each fiscal year an allocation of property taxes (“**Administrative Cost Allocation**”) from the Redevelopment Property Tax Trust Fund (defined by CRL Section 34170.5) and administered by the Santa Cruz County Auditor-Controller (“**Auditor-Controller**”) to pay for the Successor Agency’s Administrative Costs during the upcoming Fiscal Period. The amount of each Administrative Cost Allocation is equal to the amount of the “**administrative cost allowance**” established by CRL Section 34171(b) and approved by the Oversight Board and the California Department of Finance in accord with CRL Sections 34177(j) and 34179(h) for the applicable Fiscal Period; however, the Administrative Cost Allowance will not be less than Two Hundred Fifty Thousand Dollars (\$250,000) per fiscal year (\$125,000 per Fiscal Period) (“**Minimum Administrative Cost Allocation**”) except as otherwise provided by CRL Section 34171(b).

2.6 The City and the Successor Agency previously entered into an agreement entitled “**Cooperation Agreement for Administrative Services**” dated April 24, 2012 (“**Original Agreement**”). The Original Agreement pertained to matters substantially identical to those set forth in this Agreement. However, due to changes in the CRL related to AB 1484, certain amendments to the Original Agreement are necessary. The Parties intend that this Agreement supersede the Original Agreement in its entirety.

2.7 The City and the Successor Agency desire that the City furnish the Administrative Services in lieu of the Successor Agency. In exchange, the Successor Agency will pay to the City an amount equal to the Base Administrative Payment (defined below) in each Fiscal Period.

2.8 CRL Sections 34173(h) and 34178(a) authorizes the Successor Agency and the City to enter into this Agreement, subject to the Oversight Board’s approval and DOF’s review.

ARTICLE III.

OPERATIVE TERMS

3.1 Supersession of Original Agreement. Upon the Effective Date, this Agreement will cancel and supersede the Original Agreement as to matters and obligations occurring or arising after the Effective Date.

3.2 City’s Provision of Administrative Services.

A. As used in this Agreement, the term “**Administrative Services**” includes: (1) all reporting, staffing, management, accounting, and other administrative services of any type which the Successor Agency is obligated or elects to provide in accord with the CRL, including administrative services provided to the Oversight Board under CRL Section 34179(c); (2) general legal services, whether provided by the City Attorney’s office or by special counsel, but specifically excluding litigation services to any entity and further excluding legal services of any type to the Oversight Board; and (3) a reasonably apportioned share of rent, insurance, maintenance, and other general overhead services.

B. In exchange for the Administrative Services Payment (defined in Section 3.3), the City will provide, on the Successor Agency's behalf, all Administrative Services.

C. The City may provide the Administrative Services through City staff, City-retained third party consultants, or a combination of both, as determined by the City in its sole and absolute discretion. The City will be solely responsible for the selection and compensation of any third party consultants with whom it contracts to provide Administrative Services.

3.3 Successor Agency's Payment for Administrative Services.

A. As used in this Agreement, the term "**Administrative Services Payment**" means, for each Fiscal Period, the amount equal to the sum of: (1) the Administrative Cost Allocation for that Fiscal Period, plus (2) the amount of former Agency bond proceeds or other funds which may be lawfully used to pay for Administrative Services performed during that Fiscal Period.

B. Within five (5) days following its receipt of each Fiscal Period's Administrative Cost Allocation from the Auditor-Controller, the Successor Agency will pay to the City an amount equal to the Administrative Services Payment.

3.4 City Responsible for Payment of Administrative Services Costs. The City will be solely responsible for the payment of all internal and external costs and expenses which it incurs in connection with providing the Administrative Services, without regard to whether the Administrative Services Payment is sufficient to fully pay the City for the entirety of its incurred costs and expenses. However, if in any Fiscal Period, the Successor Agency receives an Administrative Cost Allocation in excess of the Minimum Administrative Cost Allocation, then, to the extent of available funds, the Successor Agency will reimburse the City for those documented costs and expenses incurred by the City in a prior Fiscal Period which exceeded the Administrative Services Payment received by the City for that Fiscal Period.

3.5 Effective Date; Termination at Will. This Agreement will become effective on the Effective Date and will continue until terminated. This Agreement may be terminated for convenience by either the City or the Successor Agency at any time, without cost, expense or liability, upon written notice to the other party and to the Oversight Board. The termination will become effective as of the last day of the Fiscal Period in which the notice of termination is given, except that the Successor Agency's obligation to tender the payment required under Section 3.3 will not terminate until payment is actually received by the City.

3.6 No Third Party Beneficiaries. No person or entity which is not a signatory to this Agreement is intended to or shall be benefitted by any term, provision or requirement of this Agreement. The only intended beneficiaries of this Agreement are the City and the Successor Agency. There are no intended third party beneficiaries.

3.7 Integration. This Agreement integrates all of the terms and conditions mentioned in this Agreement or incidental to this Agreement and supersedes all negotiations or previous agreements between the parties with respect to the subjects addressed in this Agreement.

**SIGNATURE PAGE TO
AMENDED AND RESTATED
COOPERATION AGREEMENT FOR ADMINISTRATIVE SERVICES**

CITY

City of Watsonville, a California charter law city and
municipal corporation

By: _____
Name: Carlos J. Palacios
Title: City Manager

ATTEST:

Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

By: _____
Alan J. Smith, City Attorney

**SIGNATURE PAGE TO
AMENDED AND RESTATED
COOPERATION AGREEMENT FOR ADMINISTRATIVE SERVICES**

CITY AS SUCCESSOR AGENCY

City of Watsonville, as successor agency to the
Redevelopment Agency of the City of Watsonville

By: _____
Name: Carlos J. Palacios
Title: City Manager

ATTEST:

Beatriz Vázquez Flores, City Clerk

APPROVED AS TO FORM:

By: _____
Alan J. Smith, City Attorney